MINISTRY OF ENVIRONMENT

FISH AND WILDLIFE DEVELOPMENT FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2012

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Fish and Wildlife Development Fund, which comprise the statement of financial position as at April 1, 2010, March 31, 2011 and March 31, 2012, and the statement of operations and accumulated surplus, the statement of changes in net financial assets and the statement of cash flows for the years ended March 31, 2011 and March 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Fish and Wildlife Development Fund as at April 1, 2010, March 31, 2011 and March 31, 2012, and the results of its operations, changes in its net financial assets and its cash flows for the years ended March 31, 2011 and March 31, 2012 in accordance with Canadian public sector accounting standards.

Regina, Saskatchewan
July 11, 2012

Bonnie Lysyk, MBA, CA
Provincial Auditor

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Statement 1

FISH AND WILDLIFE DEVELOPMENT FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2012	2011	April 1, 2010
Financial Assets:			
Due from General Revenue Fund (Note 5)	$ 901,146	$ 1,030,834	$ 1,349,199
Due from General Revenue Fund - MHCF (Note 7)	2,053,137	2,031,702	2,019,520
Accounts receivable (Notes 6 & 9)	174,842	208,082	209,475
Inventories for resale	10,787	-	-
TOTAL FINANCIAL ASSETS	3,139,912	3,270,618	3,578,194
Liabilities:			
Accounts payable and accrued liabilities	532,610	417,286	485,874
Payable for land purchases (Note 13)	220,329	163,751	71,385
Unearned Revenue	12,891	14,280	14,203
TOTAL LIABILITIES	765,830	595,317	571,462
Net Financial Assets	**2,374,082**	**2,675,301**	**3,006,732**
Non-Financial Assets:			
Tangible capital assets (Note 4)	19,300,228	18,947,169	18,488,965
TOTAL NON-FINANCIAL ASSETS	19,300,228	18,947,169	18,488,965
Accumulated surplus (Statement 2)	**21,674,310**	**21,622,470**	**21,495,697**

Commitments (Note 8)

See accompanying notes to financial statements.

FISH AND WILDLIFE DEVELOPMENT FUND
STATEMENT OF OPERATIONS & ACCUMULATED SURPLUS
For the Year Ended March 31

	2012		2011
	Budget	Actual	Actual
Revenues:			
Transfers from General Revenue Fund			
Sale of licenses (Note 6)	$ 3,804,000	$ 3,671,408	$ 3,654,896
Field permits and leases	135,000	141,381	126,657
Interest	60,000	27,415	24,158
Other revenue	40,000	60,947	14,065
	4,039,000	3,901,151	3,819,776
Expenses: (Schedule 1)			
Fish enhancement projects	1,684,000	1,771,878	2,128,936
Wildlife habitat projects	1,672,000	1,849,121	1,322,072
Municipal habitat projects	250,000	228,312	241,995
	3,606,000	3,849,311	3,693,003
Annual Surplus (Statement 3)	**$ 433,000**	**$ 51,840**	**$ 126,773**
Accumulated surplus, beginning of year		21,622,470	21,495,697
Accumulated surplus, end of period (Statement 1)		**$ 21,674,310**	**$ 21,622,470**

See accompanying notes to financial statements.

Statement 3

FISH AND WILDLIFE DEVELOPMENT FUND
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended March 31

	2012	2011
	Total	Total
Annual Surplus (Statement 2)	$ 51,840	$ 126,773
Net increase in tangible capital assets	(372,926)	(505,929)
Amortization of tangible capital assets	19,867	47,725
(Decrease) in net financial assets	(301,219)	(331,431)
Net financial assets, beginning of year	2,675,301	3,006,732
Net financial assets, end of year (Statement 1)	**$ 2,374,082**	**$ 2,675,301**

See accompanying notes to financial statements.

FISH AND WILDLIFE DEVELOPMENT FUND
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2012	2011
Cash flows (used in) from operating activities:		
Receipts from General Revenue Fund	$ 3,650,994	$ 3,743,035
Receipts from sales of field permits, leases, and other	255,706	60,317
Interest received	27,691	17,816
Grant payments	(2,013,323)	(1,845,485)
Payments to municipalities	(228,312)	(251,053)
Payments to suppliers and employees	(1,484,661)	(1,617,250)
	208,095	107,380
Cash flows (used) in capital activities:		
Purchase of tangible capital assets	(316,348)	(413,563)
Net increase (decrease) in cash	(108,253)	(306,183)
Due from General Revenue Fund, beginning of year	3,062,536	3,368,719
Due from General Revenue Fund, end of year	$ 2,954,283	$ 3,062,536

See accompanying notes to financial statements.

FISH AND WILDLIFE DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2012

1. Purpose of the Fund

The Fish and Wildlife Development Fund (Fund) operates under the authority of Section 20 of *The Natural Resources Act*. The Fund was established for the purposes of preventing the reduction of wildlife habitat and wildlife population in the agricultural area of the province and for fish enhancement projects intended to prevent the loss of fish or fish habitat. The Ministry of Environment administers the Fund.

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board, the Fund is classified as a government not for profit organization. These financial statements are prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

a) Revenue recognition

The Fund follows the deferral method of accounting for contributions. Any restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

The transfer from the General Revenue Fund (GRF) related to certain hunting and fishing licences is recognized when licenses are issued. Transfers from the GRF for any other purpose are recognized when received or receivable.

Field permit and lease revenue is recognized when the permit is issued or the lease payment is due.

b) Grant Expenses

Grants are expensed when approved and the recipient has met eligibility criteria.

c) Capital Assets

Purchased capital assets are recorded at cost less accumulated amortization. Amortization commences in the year of acquisition and is provided on a straight-line basis over the asset's estimated useful life. Leasehold improvements are being amortized over an 8 year expected life; equipment and vehicles are being amortized over a 10-20 year expected life. It is assumed that these assets will have no residual value at the end of their expected life. During 2010-11 any assets with a cost of less than $10,000 were written-off which is consistent with Government policy on capital asset thresholds.

Purchased land is recorded at cost. Donated land is recorded at a fair value but when fair value cannot be reasonably determined, it is recorded at nominal value at the date of contribution as a direct increase in net assets.

The Fund made agreements with other conservation agencies for the joint acquisition of land for wildlife related purposes. The Fund records jointly owned land at cost as determined by the land purchase agreement.

d) Inventories

Resale inventory consists of wildlife manuals and that are valued at the lower of cost and net realizable value.

e) Use of Estimates

These statements are prepared in conformity with Canadian Public Sector Accounting Standards. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Estimates are required to determine the amortization of equipment and building improvements, accounts payable and accrued liabilities, sales of licences and allowance for expected uncollectible accounts receivable. Actual results could differ from those estimates. Differences are reflected in current operations when identified.

f) Financial Instruments

The Fund's financial instruments include due from General Revenue Fund, accounts receivable, accounts payable and accrued liabilities and payable for land purchases. The carrying amount of these instruments approximate fair value due to their immediate or short-term maturity.

g) Future Accounting Policy Changes

Effective April 1, 2012, the Fish and Wildlife Development Fund will be required to adopt Canadian public sector accounting standards sections PS 3450, Financial Instruments, and PS 1201, Financial Statement Presentation. In addition, all government transfers are required to be accounted for in accordance with Section 3410 Government Transfers for fiscal years beginning on or after April 1, 2012.

The ministry is currently evaluating the potential impact on its financial statements.

3. Adoption of New Accounting Standards

In September 2010, the Public Sector Accounting Board approved an amendment to the introduction to the Public Sector Accounting Handbook. Effective for fiscal years beginning on or after January 1, 2012, government not for profit organizations are directed to use either the public sector accounting standards or public sector accounting standards for government not for profit organizations.

On April 1, 2011, the Fund has adopted the public sector accounting standards on its financial statements and this accounting standards change will impact the presentation of the Fund's financial statements. No adjustments were required from the adoption of these accounting standards. The opening statement of financial position in accordance with Canadian public sector accounting standards as of April 1, 2010 has been disclosed for comparative purposes.

4. Tangible Capital Assets

	Land	Land - joint ownership	Leasehold Improvements	Equipment, Vehicles and Computer Software	Total 2012	Total 2011
Opening Net Book Value	14,551,382	4,259,830	72,870	63,087	18,947,169	18,488,965
Opening Cost	14,551,382	4,259,830	116,592	236,861	19,164,665	19,050,856
Additions	---	373,120	---	---	373,120	505,929
Disposals	(194)	---	---	---	(194)	---
Write off	---	---	---	---	---	(392,120)
Closing Cost	14,551,188	4,632,950	116,592	236,861	19,537,591	19,164,665
Opening Accumulated Amortization	---	---	43,722	173,774	217,496	561,891
Amortization	---	---	14,574	5,293	19,867	39,002
Write off	---	---	---	---	---	(383,397)
Closing Accumulated Amortization	---	---	58,296	179,067	237,363	217,496
Closing Net Book Value	14,551,188	4,632,950	58,296	57,794	19,300,228	18,947,169

5. Due from the General Revenue Fund

This is due from the General Revenue Fund (GRF). The Fund's money is on deposit with the GRF and in a bank account included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. The Fund's earned interest is calculated and paid by the GRF on a quarterly basis to the Fund using the Government's thirty-day borrowing rate and the Fund's average daily account balance. The Government's average thirty day borrowing rate for 2012 is 1.05% (2011 – 0.80%).

6. Revenue - General Revenue Fund

The Fund receives an annual transfer from the GRF, as established by Order in Council 526/95, equivalent to 30% of certain hunting and fishing licence fees collected by the Ministry. A receivable is recorded for the portion of the licences issued before the year-end for which fees have not yet been received. Included in accounts receivable at March 31, 2012 is $138,625 (2011 - $118,211) receivable from the GRF related to these licenses of which $ 41,219 is an estimate recorded for licence fees not reported by vendors.

The Fund has interest receivable of $8,016 (2011 - $8,292) from the General Revenue Fund, and a $11,590 (2011 - $14,092) receivable for leases and permits.

7. Internally Restricted Net Assets

Internally restricted net assets were established to compensate rural municipalities for taxes foregone on lands acquired by the Fund for wildlife habitat conservation purposes. These funds are held by the General Revenue Fund and the interest earned on this $2,000,000 is unrestricted and is used to assist in paying rural municipalities grants in lieu of taxes on the Fund's lands located within their boundaries.

8. Commitments

The Fund is committed to carry out certain wildlife habitat and fish enhancement projects totalling $493,900 in 2013 and $242,358 in 2014.

9. Financial Instrument Risks

The Fund is exposed to credit risk from the potential default of customers. However, the majority of the Fund's receivables are from other government agencies and reputable long-term corporate clients. Therefore, the credit risk is minimal. An Allowance for Doubtful Accounts is recorded for these accounts that are considered uncollectible. The Fund has recorded an Allowance for Doubtful Accounts of $11,555 (2011 - $12,001).

The Fund is subject to interest rate risk with respect to revenue. To manage these risks, the Fund regularly monitors market conditions and interest rate trends.

10. Budget

The Budget for the Fund is included with the Ministry's budget submission to Treasury Board. Treasury Board approves the Fund's budget annually.

11. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as ministries, corporations, boards, and commissions under the common control of the Government of Saskatchewan. Also, the Fund is related to non-Crown enterprises that the Government jointly owns or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and are settled on normal trade terms. These transactions are as follows:

	2012	2011
Expenses:		
Business expense	$ 1,237	$ 432
Contractual services	-	5,373
Supplies and materials	100	205
Grants	863,000	864,400
Central Vehicle Agency rentals	85,809	84,267
Utilities	74,736	71,647
Telephone	5,374	7,855

Included in accounts payable is $18,021 (2011 - $20,409) owing to related parties.

The Fund pays provincial sales tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

In accordance with established government policy, the Fund has not been charged with certain costs including occupancy, financing, and certain administrative costs. These costs have been absorbed by various ministerial appropriations and, therefore, no provision for such costs is reflected in these financial statements.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes.

12. Grants

Wildlife Habitat Conservative Easements - The Fund made agreements with other conservation agencies for the purpose of securing wildlife habitat through the purchase of conservation easements. Under these agreements, the Fund contributes a portion of the costs to acquire these easements upon the registration of the easement with the relevant land titles office. The conservation agencies made separate agreements with landowners for the purchase of these easements. The Fund is not party to the agreements with the landowners for these conservation easements. Accordingly, the Fund has not recorded these costs as capital assets. The Fund's share of these costs for the year amounting to $ 135,544 (2011 - $85,017) have been expensed in the Statement of Operations & Accumulated Surplus.

Municipal Habitat Grants in Lieu of Taxes $228,312 (2011 – $241,993) was paid to rural municipalities in lieu of taxes previously received on the Fund's lands located within their boundaries.

13. Payable for Land Purchases

At March 31, 2012, the Fund owes a total of $ 220,329 (2011 - $163,751) for land purchases. Possession of the land took place on or before March 31, 2012 and payment is to be made subsequent to year end.

14. Capital Disclosures

The Fund's objective in managing capital is to ensure sufficient liquidity to meet its monthly operating requirements and undertake program initiatives for the benefit of its stakeholders, while at the same time taking a conservative approach towards management of financial risk. The Fund's capital is comprised of its net assets. Internal restrictions exist within net assets to compensate rural municipalities for taxes foregone on lands acquired by the Fund. The Fund's primary use of capital is to finance capital expenditures, future projects, and ongoing operations. The Fund currently funds these requirements out of its internally generated cash flows. The Fund is not subject to any externally imposed capital requirements.

15. Comparative Figures

Certain prior year balances have been reclassified to conform with the current year's financial statement presentation.

Schedule 1

SCHEDULE OF EXPENSES

For the Year Ended March 31

	Fish Enhancement Projects		Wildlife Habitat Projects		Municipal Habitat Projects		2012 Total		2011 Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget (Note 10)	Actual	Budget	Actual
Salaries	$ 639,000	$ 657,908	$ 283,000	$ 357,782	$ ---	$ ---	$ 922,000	$ 1,015,690	$ 1,050,000	$ 987,227
Contractual services	100,000	41,538	55,000	209,833	---	---	155,000	251,371	170,000	358,667
Supplies and materials	45,000	51,453	10,000	1,652	---	---	55,000	53,105	80,000	69,990
Grants (Note 12)	725,000	823,909	1,300,000	1,278,252	250,000	228,312	2,275,000	2,330,473	2,379,000	2,026,518
Central Vehicle Agency Rentals	60,000	78,559	10,000	7,250	---	---	70,000	85,809	80,000	84,266
Travel expenses	20,000	17,618	10,000	5,064	---	---	30,000	22,682	28,000	36,894
Utilities	70,000	74,736	---	---	---	---	70,000	74,736	80,000	71,782
Amortization	15,000	19,867	1,000	---	---	---	16,000	19,867	20,000	39,001
Telephone	10,000	6,290	3,000	---	---	---	13,000	6,290	13,000	9,924
Communications	---	---	---	75	---	---	---	75	---	---
Other	---	---	---	(10,787)	---	---	---	(10,787)	---	8,734
TOTAL	$ 1,684,000	$ 1,771,878	$ 1,672,000	$ 1,849,121	$ 250,000	$ 228,312	$ 3,606,000	$ 3,849,311	$ 3,900,000	$ 3,693,003